

UNCLASSIFIED

Iraq

Status Report

September 8, 2010



Bureau of Near Eastern Affairs
U.S. Department of State

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HIGHLIGHTS

- **INA Nominates VP Mahdi for Premiership (*POLITICAL*, page 4)**
- **Operation New Dawn Officially Begins (*SECURITY*, page 10)**
- **Irbil Stock Market set to launch in early 2011 (*ECONOMIC*, page 15)**
- **Iraqi Government Welcomes End of U.S. Combat Operations (*DIPLOMATIC*, page 19)**

POLITICAL – Governance & Legislation



INA nominates Mahdi for PM as Iraqi politicians weigh in on ISF

INA Nominates VP Mahdi for Premiership:

- **The Iraqi National Alliance (INA) has formally nominated Iraqi Vice President Adil Abd al-Mahdi for the premiership. Mahdi said on September 7 that his nomination came in response to INA's desire to accelerate government formation and not as a result of any Arab or regional pressures. Mahdi also stated that he will work with other political blocs to form a government of national unity.**



POLITICAL – Governance & Legislation

INA nominates Mahdi for PM as Iraqi politicians weigh in on ISF

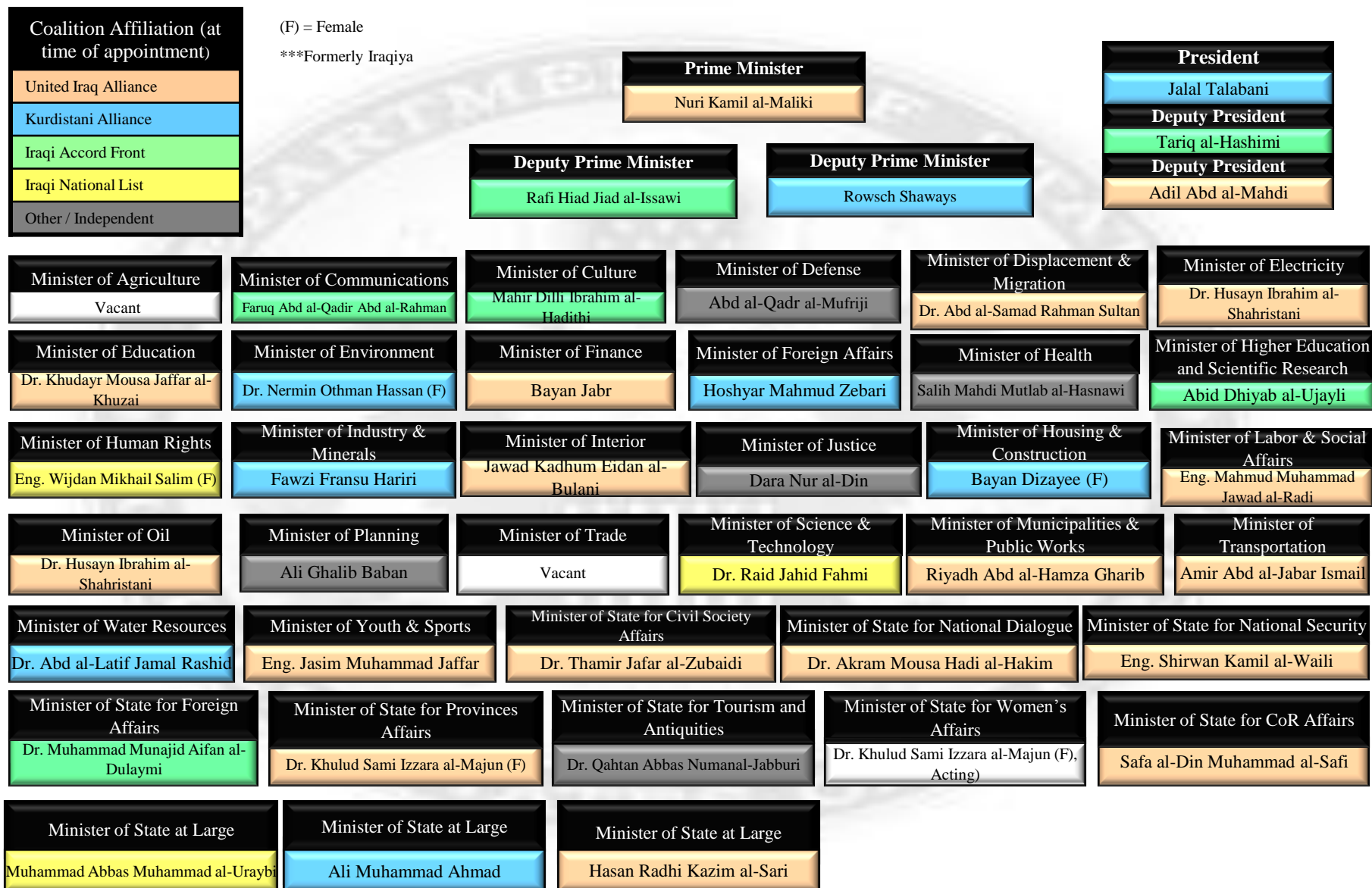
Sadr Calls for Unity, Support for ISF:

- Muqtada al-Sadr said he would disavow anyone who inflicts harm on the Iraqi Security Forces (ISF), calling for unity in order to protect the country, according to a press release from his office on September 3. According to the release, Sadr said “woe would be unto anyone who would harm the Iraqi security forces.”

Allawi: ISF Remains Unqualified:

- Former Prime Minister Iyad Allawi emphasized the need for a strong Iraqi government while claiming that the ISF are still unqualified. “There is a tremendous failure in dealing with security in Iraq, and the country needs a strong government capable of facing security chaos and gaps,” Allawi said. “The country’s security is the responsibility of the Interior Ministry’s forces, not the army, but these forces are still unqualified and unable to achieve this mission,” he said.

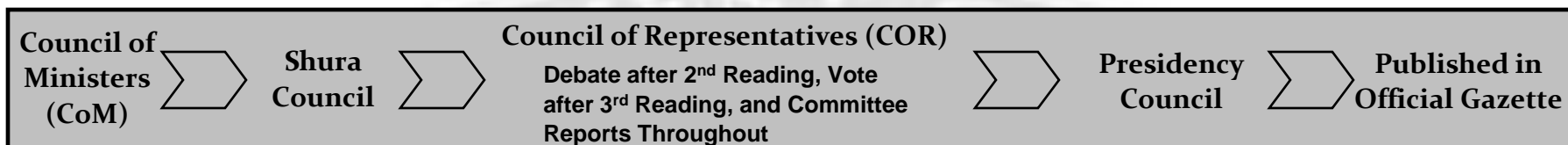
POLITICAL – Government of Iraq





POLITICAL – Key Legislative Issues

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law, approved March 3, will regulate the operations and funding of Non-Governmental Organizations operating within Iraq.

POLITICAL – Refugee Update

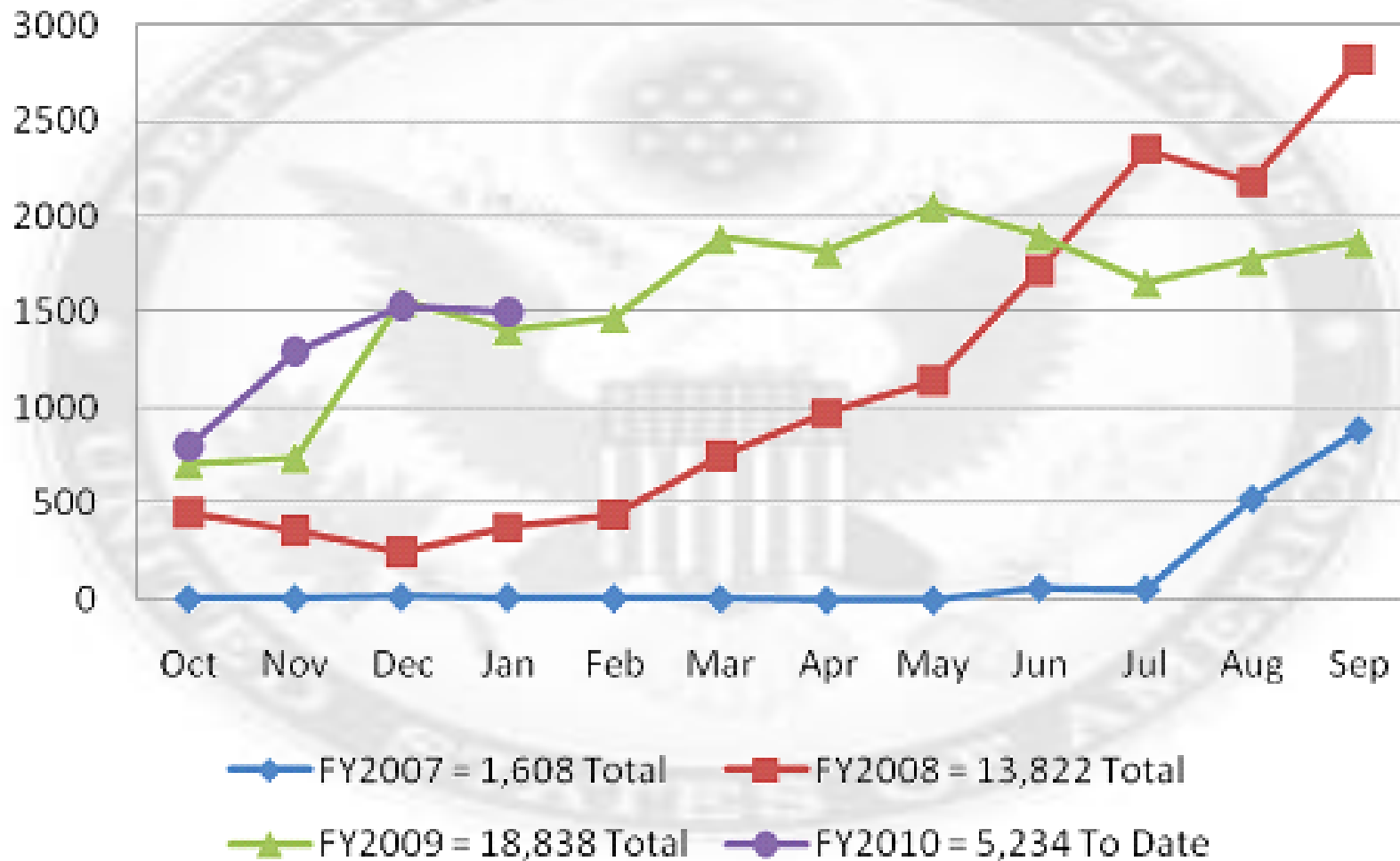


- **There are almost 229,000 Iraqi refugees currently registered with the UN High Commissioner for Refugees (UNHCR) in neighboring countries and an undetermined number of unregistered refugees. UNHCR reports that 1.5 million Iraqis remain internally displaced due to sectarian violence following the Samarra Mosque bombing of February 2006.**
- **Since the beginning of 2008, some 464,000 Iraqis have returned to their neighborhoods in Iraq. The majority of the Iraqis returning were internally displaced persons.**
- **In FY09, the U.S. Government contributed \$387 million to international and non-governmental organizations to assist Iraqi refugees, internally displaced, and conflict victims.**
- **Since the program's inception in FY07, 50,563 Iraqi refugees have been admitted to the U.S. for resettlement.**
- **As of September 2009, a total of 1,143 Special Immigrant Visas (SIVs) have been issued for Iraqi translators and interpreters (and their dependents) since FY07 (under the Section 1059 program).**
- **As of September 2009, a total of 1,716 SIVs have been issued for Iraqis employed by the U.S. government (and their dependents) since FY08 (under the Section 1244 program).**

POLITICAL – Refugee Update



Iraqi Admissions to the U.S.





SECURITY – Situation Update

ISF continues to assume a larger role in Iraq's security as USF-I provides assistance

Operation New Dawn Officially Begins:

- General Lloyd J. Austin III took command of USF-I on September 1, 2010 as General Ray Odierno departed for a new assignment. The change of command coincided with a change in mission, as Operation Iraqi Freedom formally ended and Operation New Dawn began. During the change of command ceremony, General Austin said that the mission in Iraq "will require a comprehensive and coherent approach by all U.S. government entities, international organizations and the Iraqi government...the result of that teamwork will be a stable, secure, and self-reliant Iraq that benefits the entire region."

ISI Assaults Iraqi Army Facility in Baghdad:

- Al-Qaida front group Islamic State of Iraq (ISI) has claimed responsibility for an attack on an Iraqi Army headquarters located in a former Ministry of Defense building in Baghdad. The September 5 attack claimed at least 12 lives in addition to the six assailants equipped with small arms and suicide vests who were also killed. According to the U.S. military, assistance was provided by U.S. Forces already on-site while the ISF repelled the attack.

SECURITY – Situation Update



ISF continues to assume a larger role in Iraq's security as USF-I provides assistance

Iraqi Army Soldier Fires on U.S. Soldiers:

- **Two U.S. soldiers were killed and nine were wounded after encountering small arms fire inside an Iraqi Army base in Salah ad-Din province. The incident occurred when an Iraqi Army soldier opened fire on the U.S. Forces who were part of a security element for a U.S. company commander participating in a meeting with the ISF at the compound. The assailant was shot and killed and the soldiers were medically evacuated to Joint Base Balad.**

ISF Raid Captures 60 Suspected Terrorists:

- **American soldiers provided support to the ISF during an operation in the village of Hawija in northern Iraq on September 1. More than 1,000 Iraqi soldiers took part in the successful raids, arresting over 60 suspected terrorists.**

SECURITY – Situation Update



ISF continues to assume a larger role in Iraq's security as USF-I provides assistance

Airspace in Northern Iraq Transferred to ICAA:

- **USF-I has announced that on September 1, control of Iraqi airspace over the Kirkuk sector was transferred from the U.S. Air Force to the Iraq Civil Aviation Authority (ICAA) at Baghdad International Airport. Airspace at 15,000 feet and above in the northern third of Iraq now falls under the purview of the ICAA, with the rest of Iraqi airspace under that altitude scheduled for formal handover by November 1, 2010. The ICAA had previously only been in control of airspace above 24,000 feet.**

ECONOMIC – Oil



Crude Oil Update:

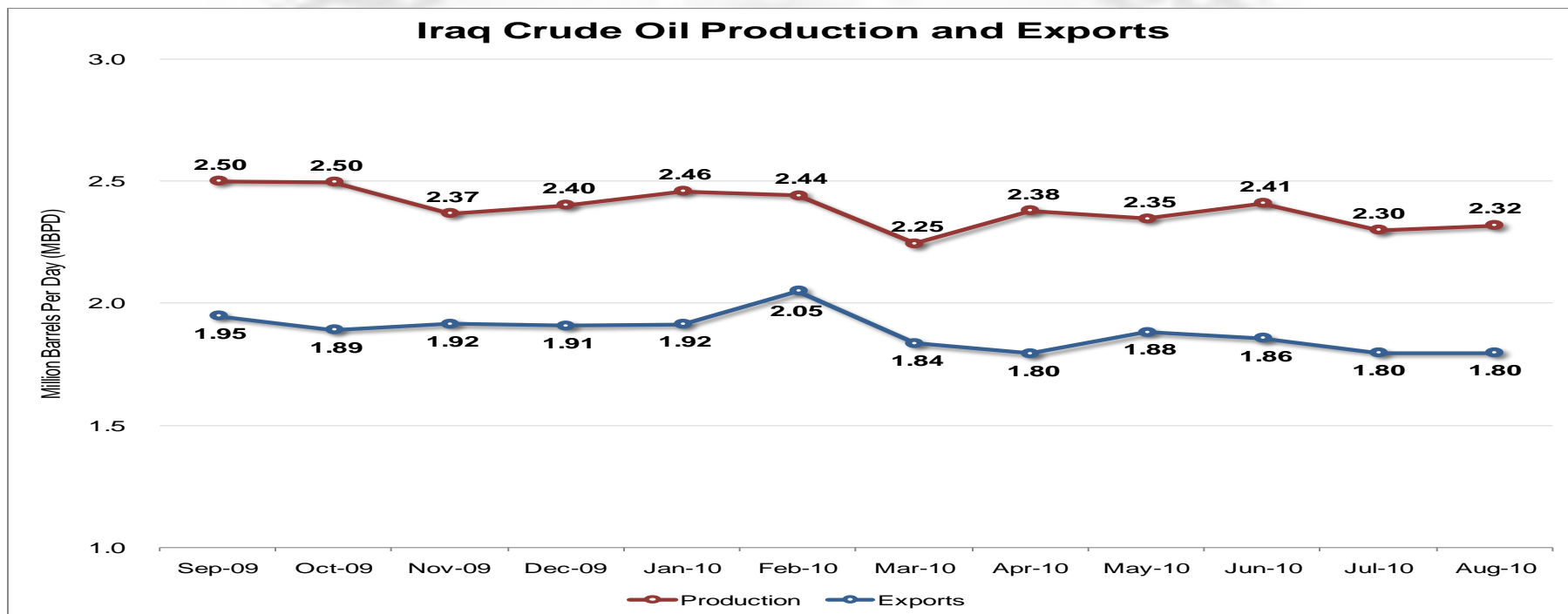
Price averages in world markets closed with the following prices:

Basrah Light at \$73.14/barrel

Dated Brent at \$75.57/barrel

WTI Cushing at \$74.03/barrel

Oman/Dubai at \$73.83/barrel



Note: Y-Axis starting point has been changed from zero to 1.0

Revenue Estimates:

2008: \$61.9 Billion

2009: \$39.2 Billion

2010 (ytd): \$29.6 Billion

ECONOMIC – Energy



Prospects for Iraq's near-term oil and electrical output levels

South Oil Company Sets Production Goals for 2011:

- **Iraq's state-owned South Oil Company (SOC) and its international partners have set quarterly production targets for 2011. The targets anticipate an increase in production to 2.285 million barrels per day (bpd) by the end of the year across the ten southern oilfields under SOC administration. This would represent an increase of more than 30% from current production levels in southern oil fields.**

U.S. General: Iraq Still Years Away from Sustainable Electric Power:

- **A U.S. general involved in Iraqi reconstruction efforts has stated that Iraq will need at least another three years before its electrical systems can meet total demand or sustain capabilities close to 24 hours per day. Despite Iraq's progress in increasing electrical output, demand for electrical power continues to rise as more households are purchasing items such as refrigerators and air conditioners.**

ECONOMIC – Fiscal and Monetary Affairs



Irbil Stock Market set to launch in early 2011

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Debt Swap Bond Prices and Yields				
Price (USD)	\$86.27	\$87.23	\$86.19	\$64.50
Yield	7.20%	7.09%	7.21%	10.32%

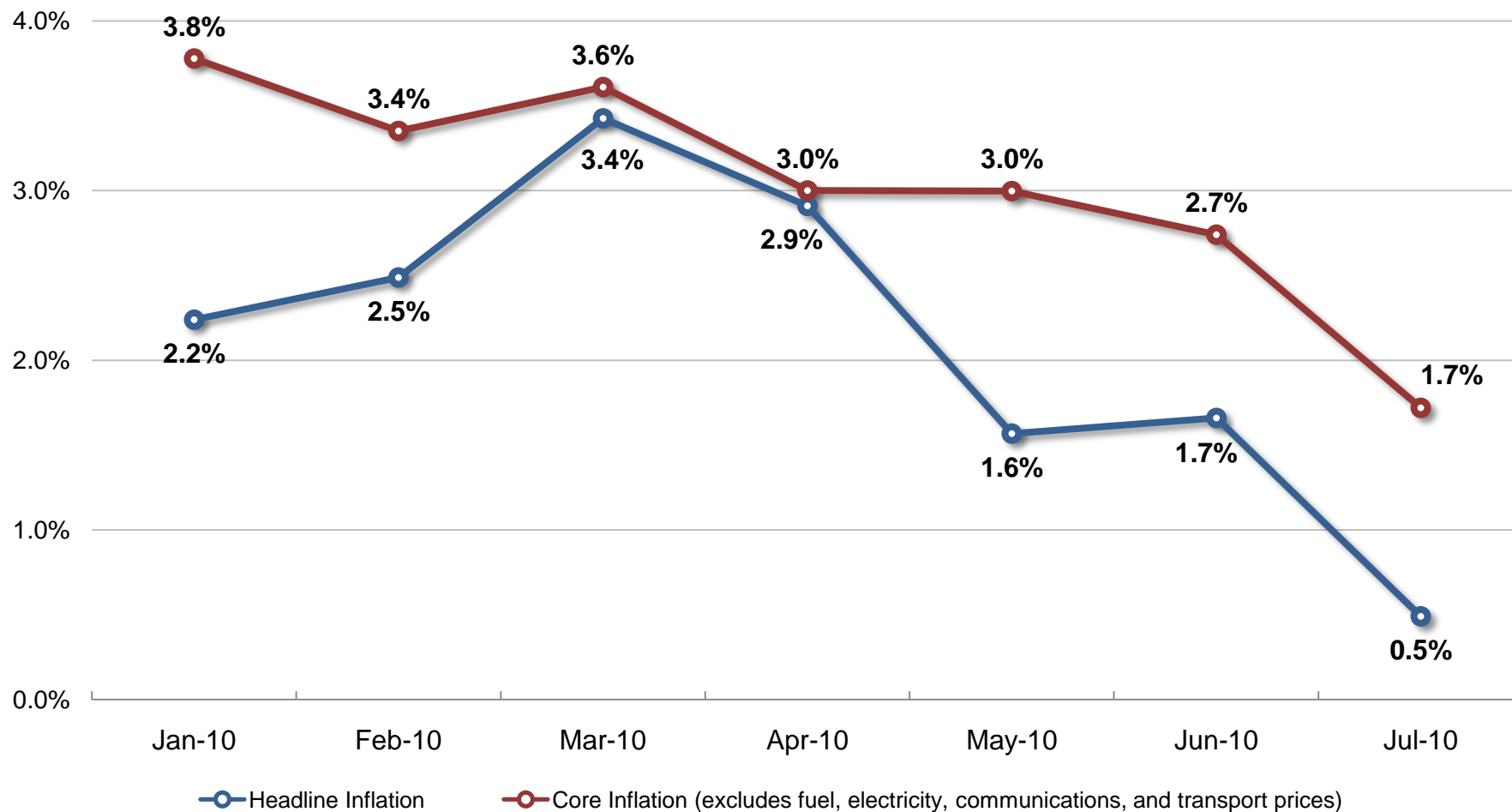
Northern Iraq Anticipates that the Stock Exchange Will Provide Capital Injection to the Region:

- **The Executive Director of the Irbil Stock Market announced on September 7 that the Exchange will open during the first quarter of 2011 with an initial capital holding of around \$10 million. The market, he said, will be a “strategic axis” for transforming northern Iraq’s economy, as more local and foreign investments and more “creativity” will be channeled into the region by way of the Exchange.**

ECONOMIC – Fiscal and Monetary Affairs



Iraq: Year-on-Year Inflation

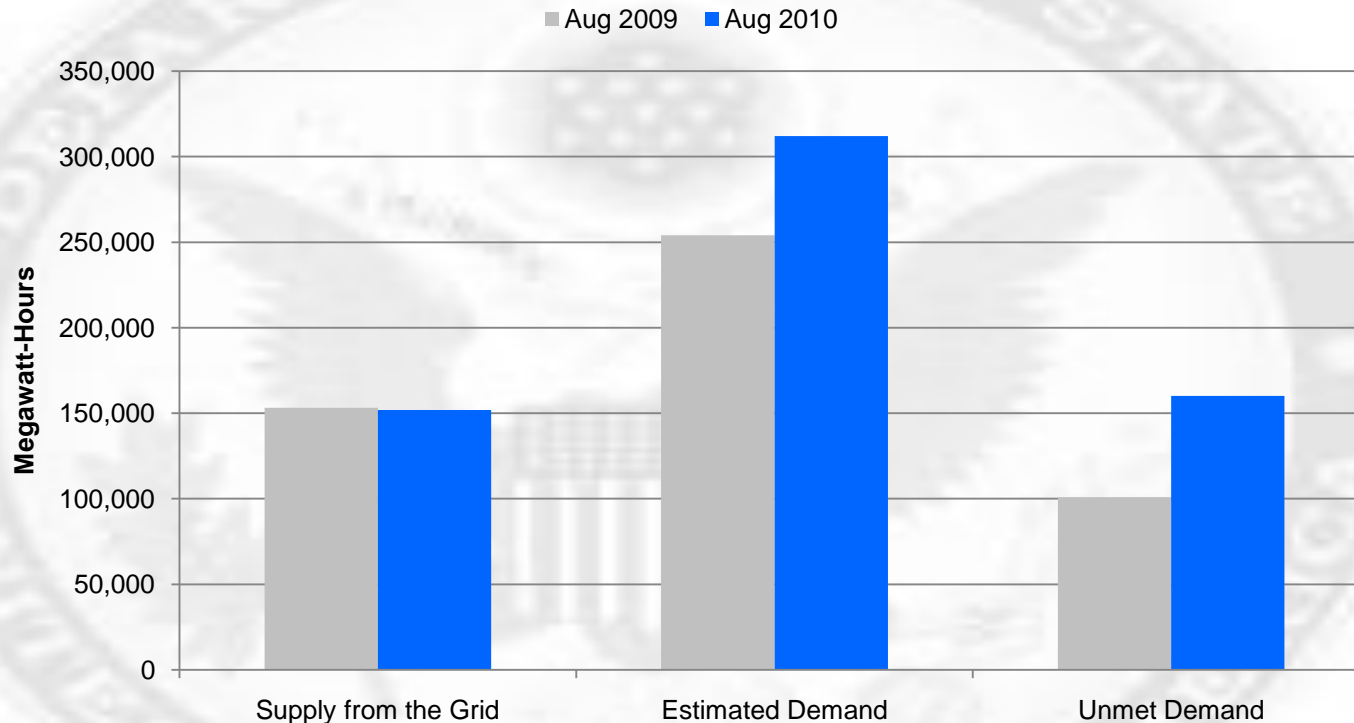


• In 2010, the Central Bank of Iraq began using a new Consumer Price Index. As a result, year-on-year inflation data prior to January 2010 cannot be directly compared.

Public Services – Electricity



Daily Electricity Service from the Grid: August 2009 and 2010



- August 2010 supply from the grid was 1% below August 2009, the first year-on-year monthly decline in three years.
- The small decline in supply combined with a 23% rise in estimated demand to produce an increase of nearly 60% in the amount of estimated demand not met by supply from the grid.

ECONOMIC – Industry Spotlight: Poultry and Wheat Production



Poultry and wheat production boosted by improved conditions and incentives for farmers

Iraqi Poultry Industry Develops as Business Conditions Improve:

- According to a new report released by the USDA attaché in Baghdad on August 31, Iraq's poultry production continues to rise as dependence on foreign poultry imports continues to fall. The report contends that increased availability of feed for farm animals, an ease in violence over the past two years, and a general improvement in the Iraqi business climate have allowed for abandoned farmhouses to be rehabilitated and contributed to increased production. The report projects that Iraqi farmers will produce 230,000 tons of poultry products in 2010, more than double the 110,000 tons produced in 2009.

Agriculture Ministry Supports Farmers and Encourages Production:

- To achieve full self-sufficiency in wheat production in five years, the Iraqi Ministry of Agriculture is implementing high-tech irrigation projects and providing support to farmers in the form of low-interest loans, free guidance, and subsidized prices for farming inputs. The Ministry disclosed on September 1 that it expects that these incentives will result in production of 2.5 million tons of wheat in 2011, an increase from the current level of production of 1.68 million tons. On average, Iraqis consume 3-3.5 million tons of wheat per year.

DIPLOMATIC – Political Engagement



The U.S. and Iraq transition to a civilian partnership

Iraqi Government Welcomes End of U.S. Combat Operations:

- **The Government of Iraq welcomed on September 1 the end of U.S. combat operations in Iraq and asserted its commitment to a strong partnership with the United States. “The Iraqi government welcomes the decrease in the number of U.S. Forces and the end of combat operations in Iraq as well as the development of Iraqi forces’ performance in maintaining Iraq’s security and stability,” Iraqi government spokesman Ali al-Dabbagh said. Operation New Dawn went into effect on September 1.**

Biden Meets With ISCI Leader:

- **Chief of the Islamic Supreme Council of Iraq (ISCI) Abdul Aziz al-Hakim met with U.S. Vice President Joseph Biden on September 1. “Biden conveyed U.S. President Barack Obama’s greetings to al-Hakim, hailing his role in Iraqi political life,” according to a statement from ISCI. Biden aimed to underline the United States’ commitment to withdrawing troops in accordance with the bilateral Security Agreement. Biden and Hakim also discussed ways to foster bilateral relations in technological, scientific, and academic fields.**

Baghdad and Beyond



Collaborating at the Anbar Business Center

Anbar

Baghdad

“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

Public Diplomacy Officers from the Anbar PRT recently hosted a working lunch with regional journalists at the Anbar Business Center to introduce new staff and discuss ways the PRT and provincial media can work together. Fifteen journalists from ten different media outlets, including television, radio, and press, joined PRT staff for the event. The meeting opened a strong path of cooperation for the future and highlighted projects that could be achieved in the short and medium -terms. The journalists said that training and financial support were the issues of greatest interest and they also expressed their desire to conduct media events and interviews with key leaders from the PRT.

A program promoted by PRT-Baghdad is helping Iraqi doctors improve patient care. The effort links doctors at the Khadamiya Teaching Hospital with faculty and staff at the Oklahoma State University (OSU) College of Medicine. During weekly video teleconferences, the American doctors consult with their Iraqi colleagues on medical cases, offering their expertise and advice on assisting patients. The video consultations build on an existing OSU system used to engage with doctors in rural parts of the state.



CONTACT INFORMATION

This brief draws from multiple sources. References are cited on the following pages.

For additional information, please see:

- **Department of State, Section 2207 Report on Iraq Relief and Reconstruction**
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- **Department of State, Section 1227 Report on Iraq**
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- **Department of Defense, Section 9010 Measuring Stability and Security in Iraq**
http://www.defenselink.mil/home/features/Iraq_Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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Slide 4:

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Slide 10:

- USF-I, September 1, <http://www.usf-iraq.com/news/headlines/lion-6-out-austin-assumes-command>
- LA Times, September 5, <http://www.latimes.com/news/custom/topofthetimes/national/la-fg-iraq-attack-20100906,0,3901112.story>; AP, September 7, http://www.google.com/hostednews/ap/article/ALeqM5hwK_CSpBxsNuVUEaDuOwmSSCiqGwD9I337IO0

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- USF-I, September 3, <http://www.usf-iraq.com/news/headlines/air-force-transfers-airspace-to-iraqis>



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Slide 18:

- Agra Europe Weekly, September 7, <http://www.agra-net.com/portal2/home.jsp?template=newsarticle&artid=20017806673&pubid=ag002#>; USDA Global Agricultural Information Network, August 31,
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Annual_Baghdad_Iraq_8-30-2010.pdf
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- Source for President Obama's Quote: http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/
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